
Montgomery County, Maryland

ECONOMIC INDICATORS

Montgomery County Council

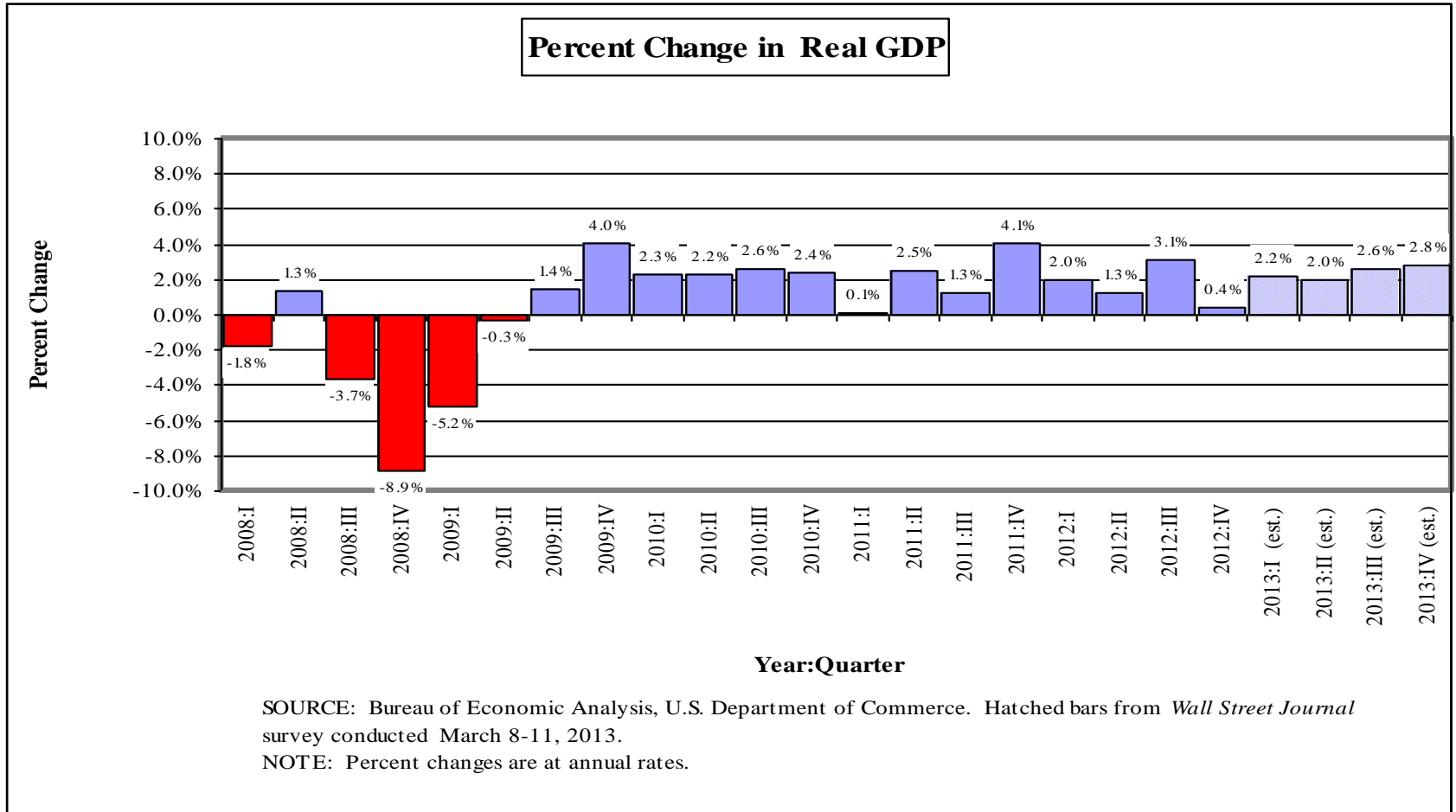
Department of Finance



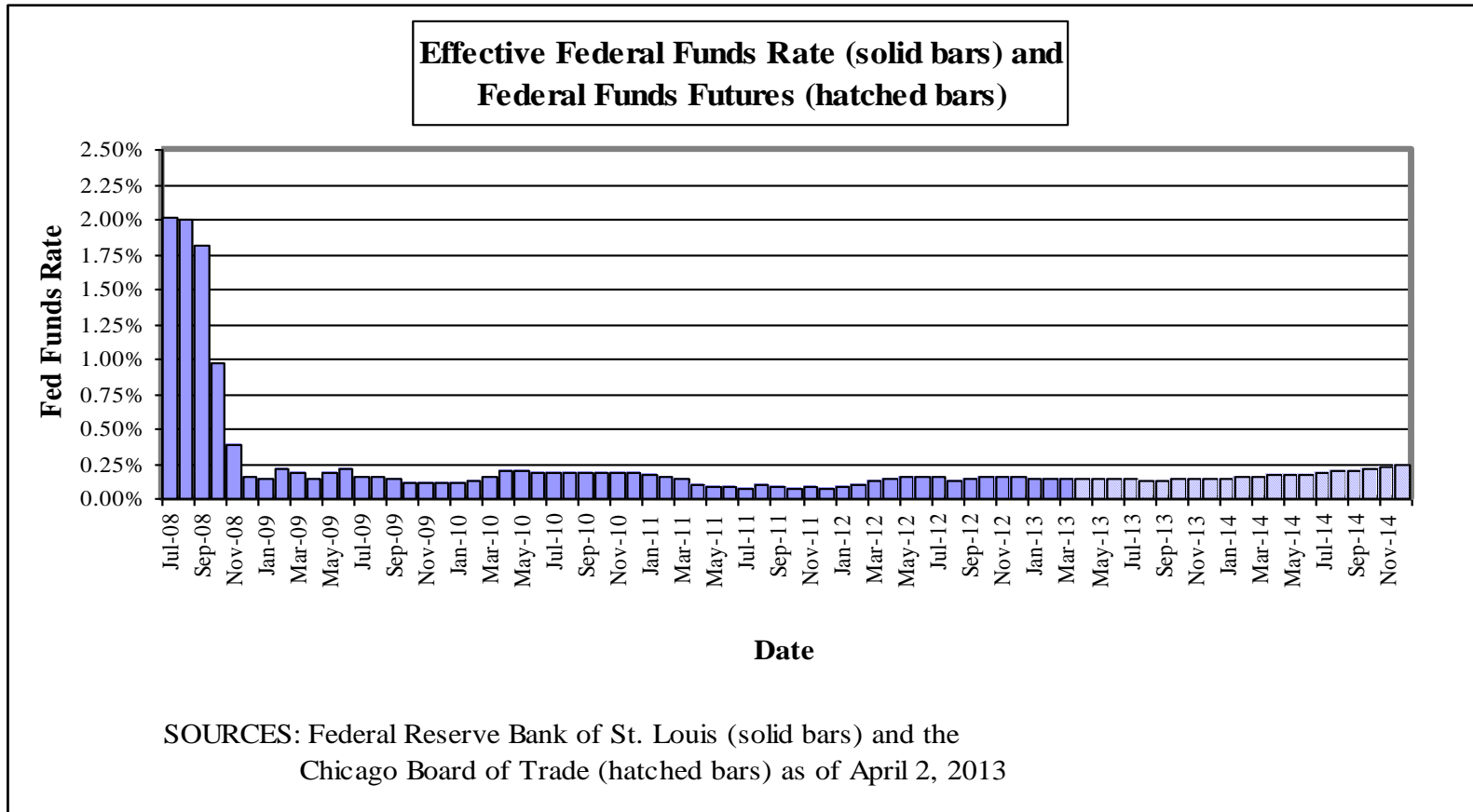
April 16, 2013

National Economic Indicators

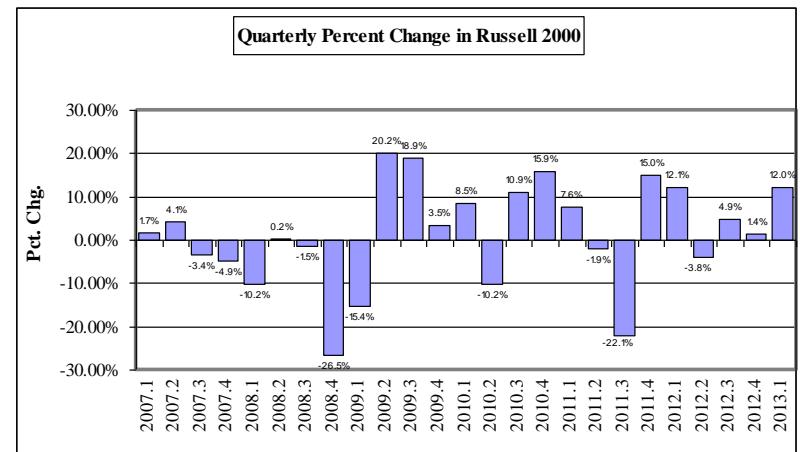
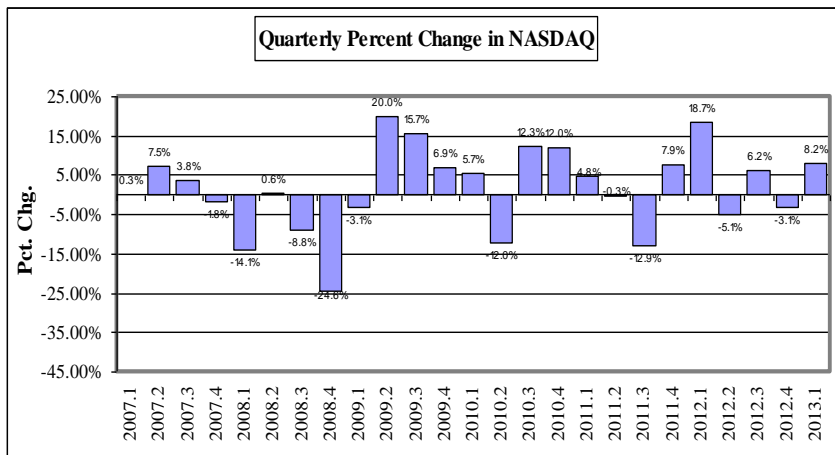
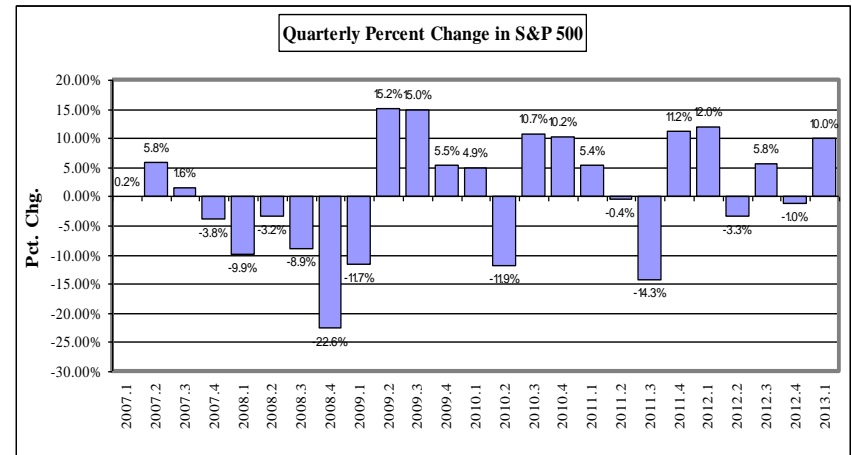
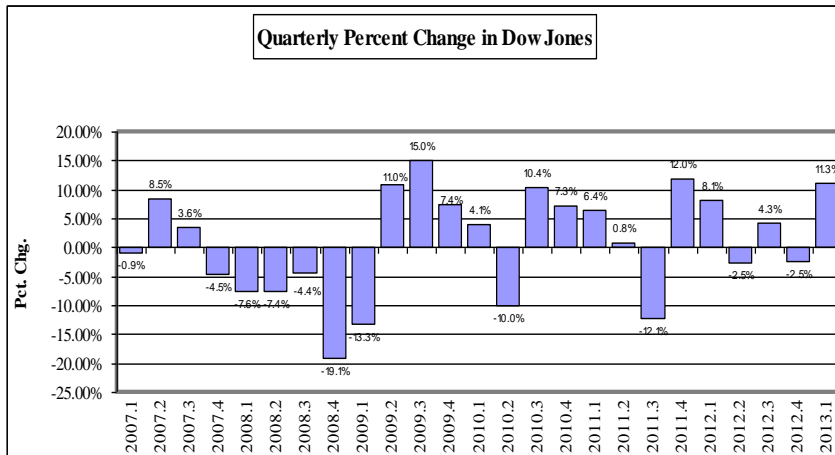
BEA reported that real GDP increased 0.4 percent during the fourth quarter of last year. Over 50 economists surveyed by *The Wall Street Journal* expect GDP to increase approximately 2.4 percent on average in calendar year (CY) 2013.



On March 20th, the Federal Reserve (FOMC) decided to keep its target range for the federal funds rate at 0.00 to 0.25 percent. The futures market anticipates no changes to the target range through the remainder of this calendar year and through CY2014.



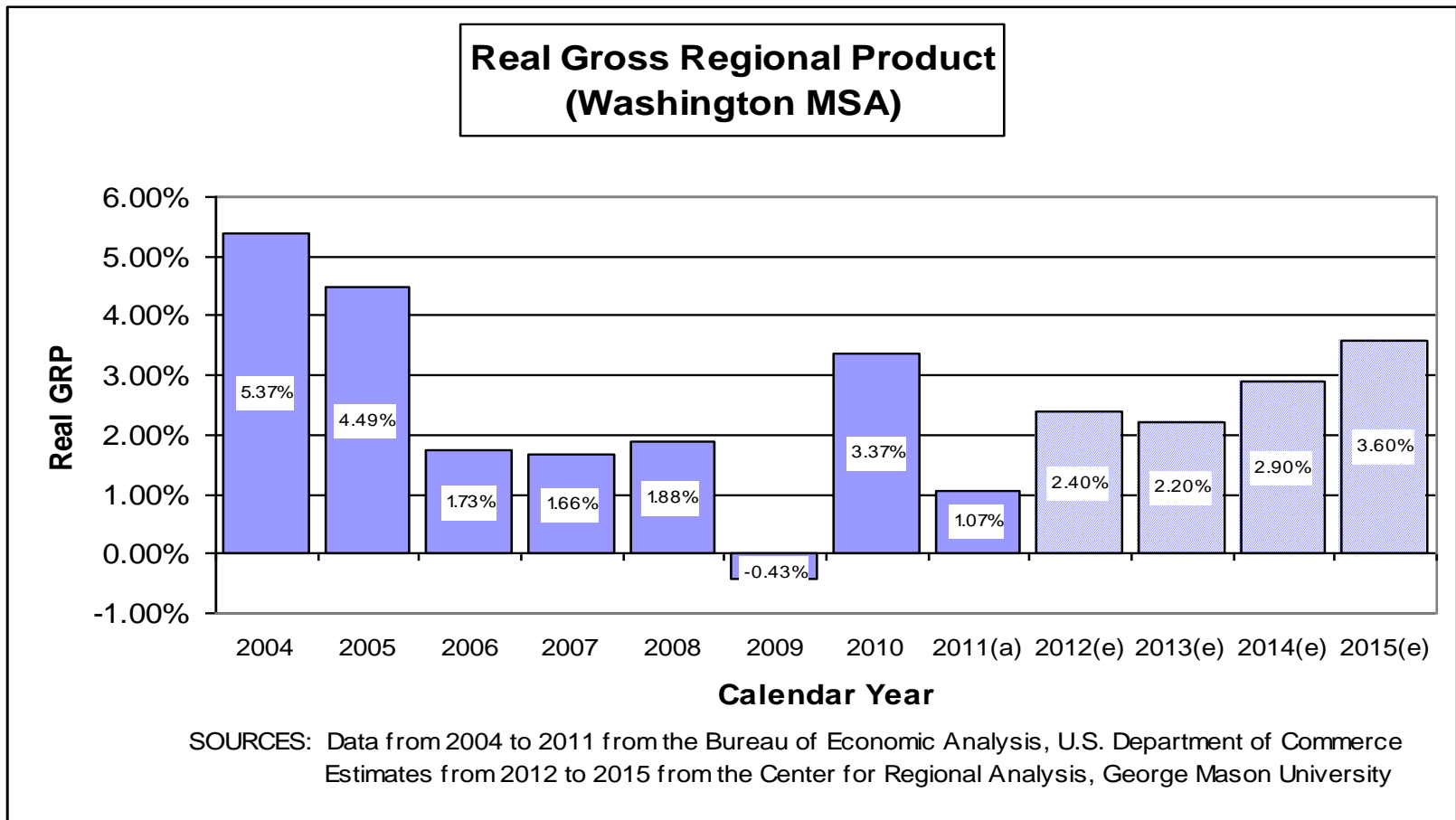
The stock market increased during the first quarter of this year which was the best quarterly increase since the first quarter of last year.



Regional Economic Indicators

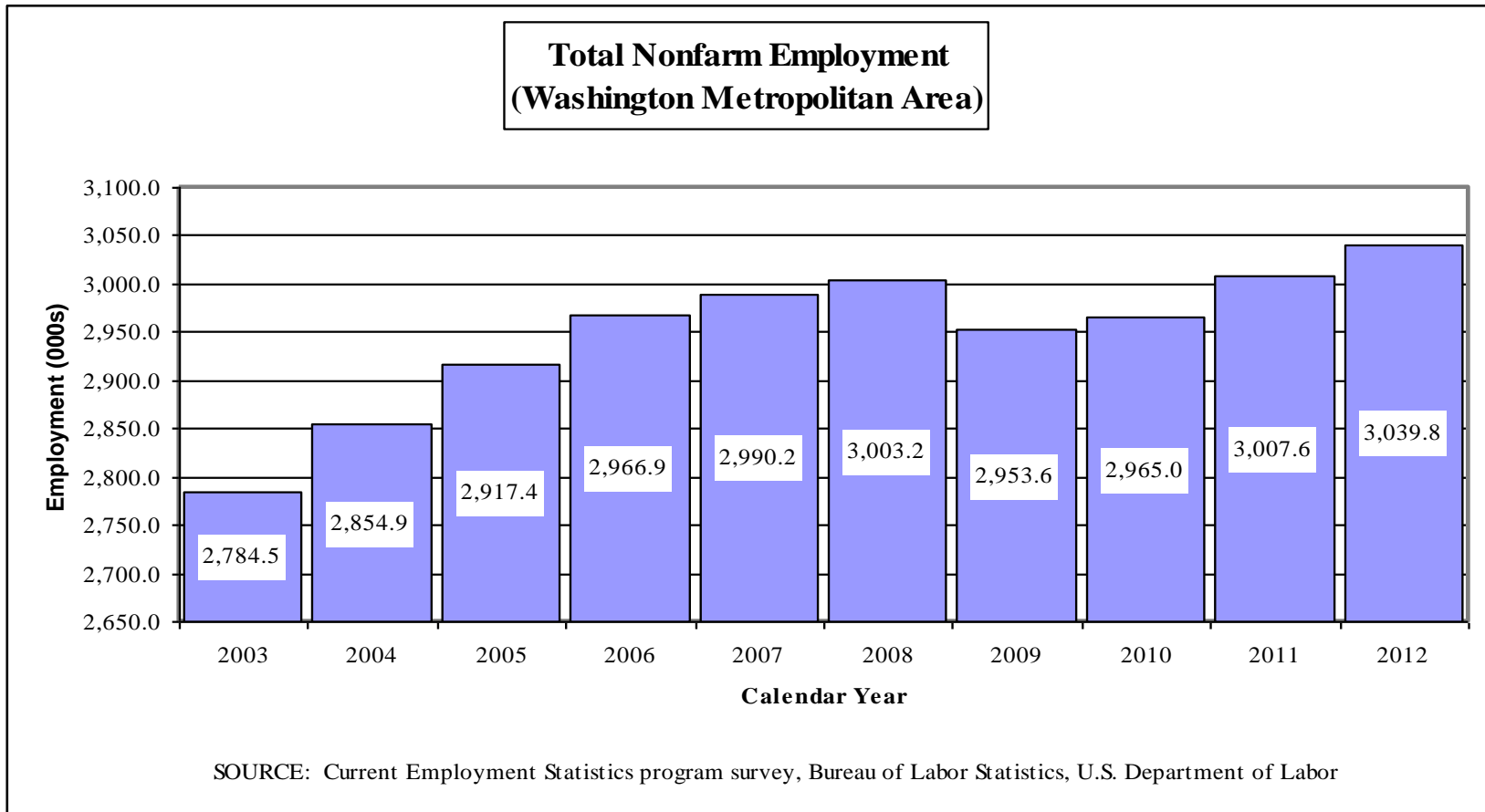
Growth rate in real gross regional product increased 2.4 percent in 2012 according to the Center for Regional Analysis (CRA).

Also CRA estimates growth in real GRP in the Washington area to increase to 2.90 percent by CY2014 and 3.60 percent by CY2015.



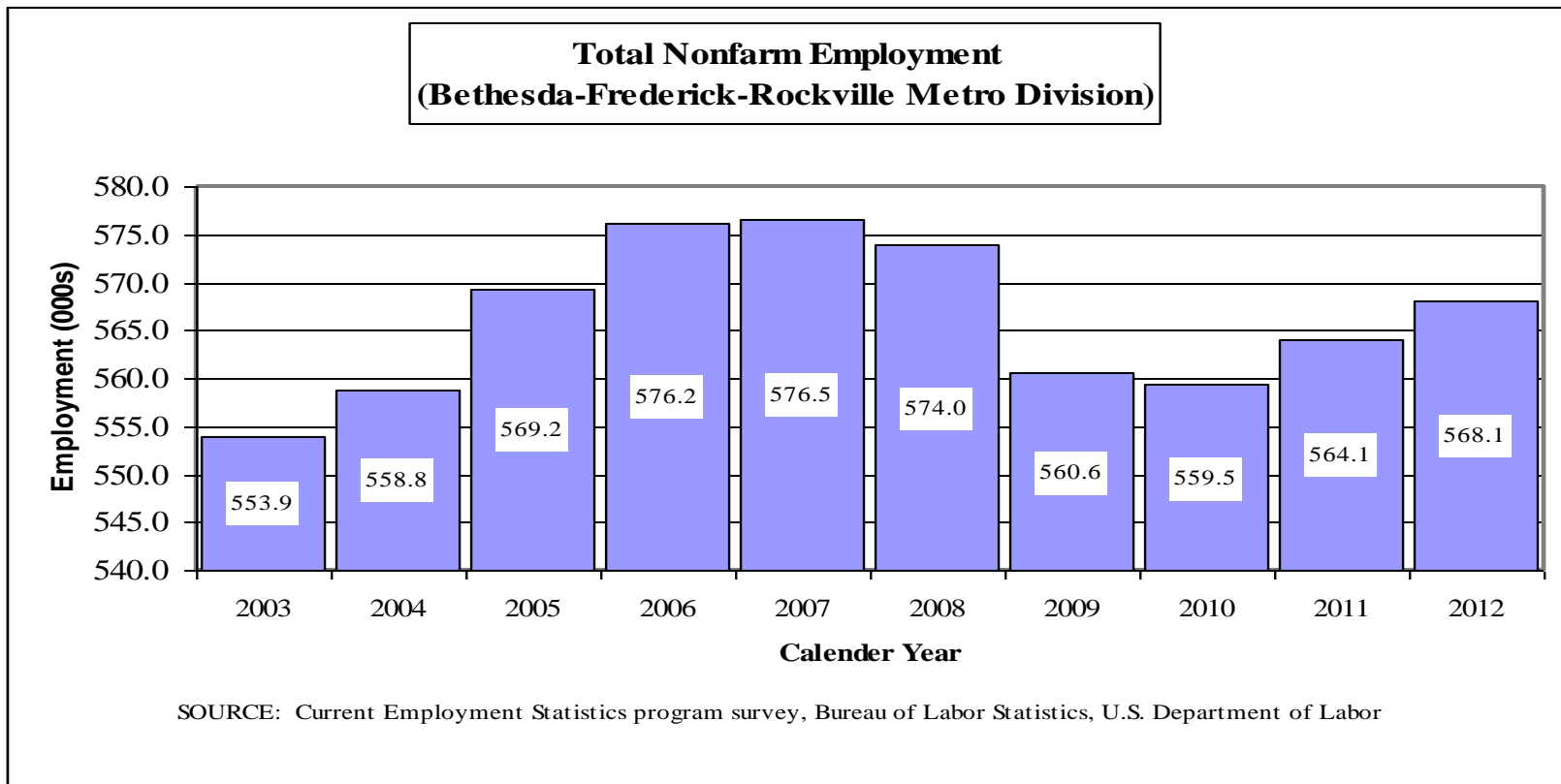
Payroll employment in the Washington area stood at 3.040 million in CY2012.

Employment increased by 32,200 (↑1.1%) from CY2011 to CY2012 to reach 3.040 million in CY2012 – and is the highest level during the past ten years.



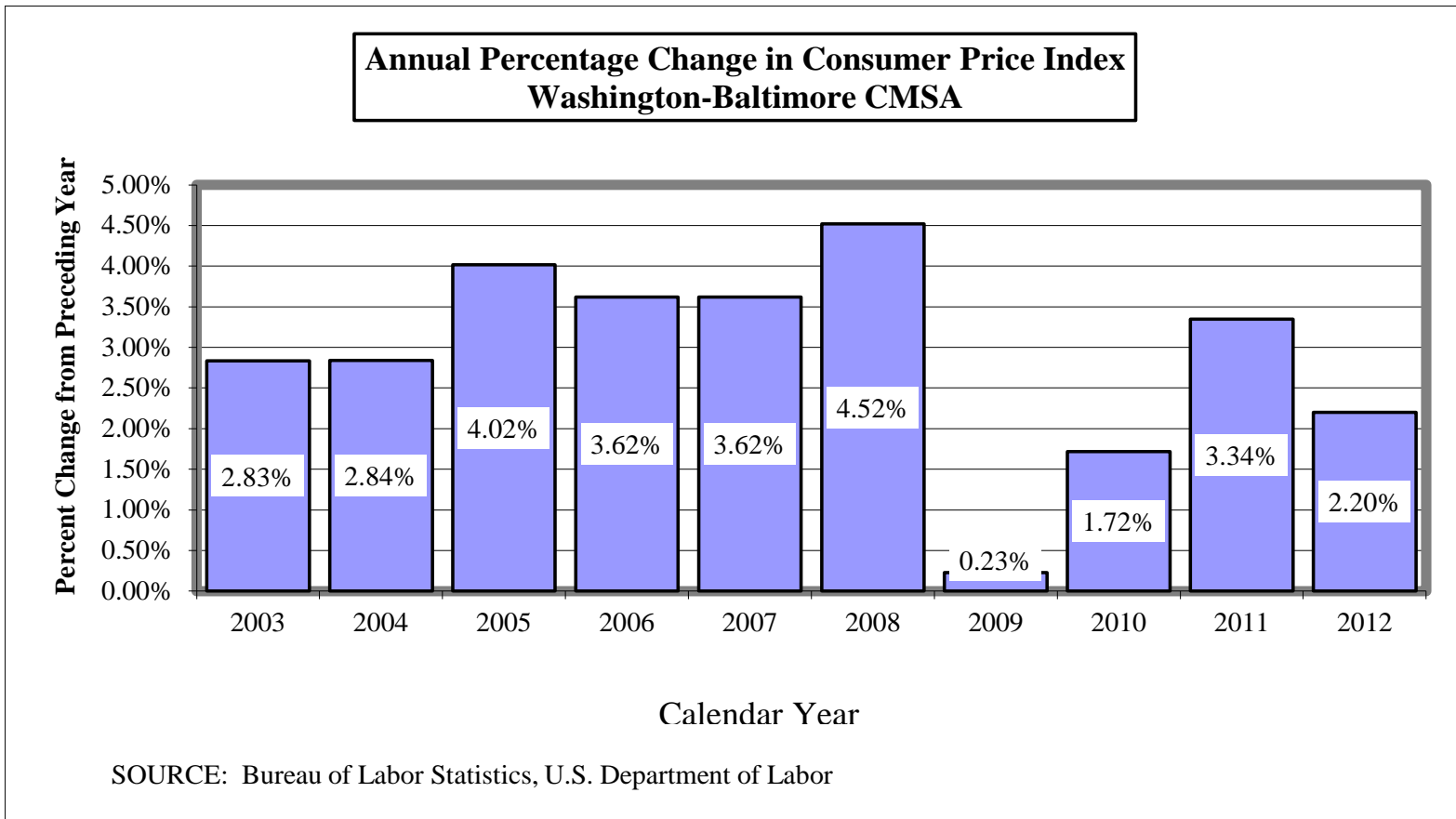
Payroll employment in the Bethesda-Rockville-Frederick metropolitan division was 568,100 in CY2012.

Employment increased by 4,000 ($\uparrow 0.7\%$) from CY2011 to CY2012 to reach 568,100 – but remained below payroll employment in CY2007 by 8,400.

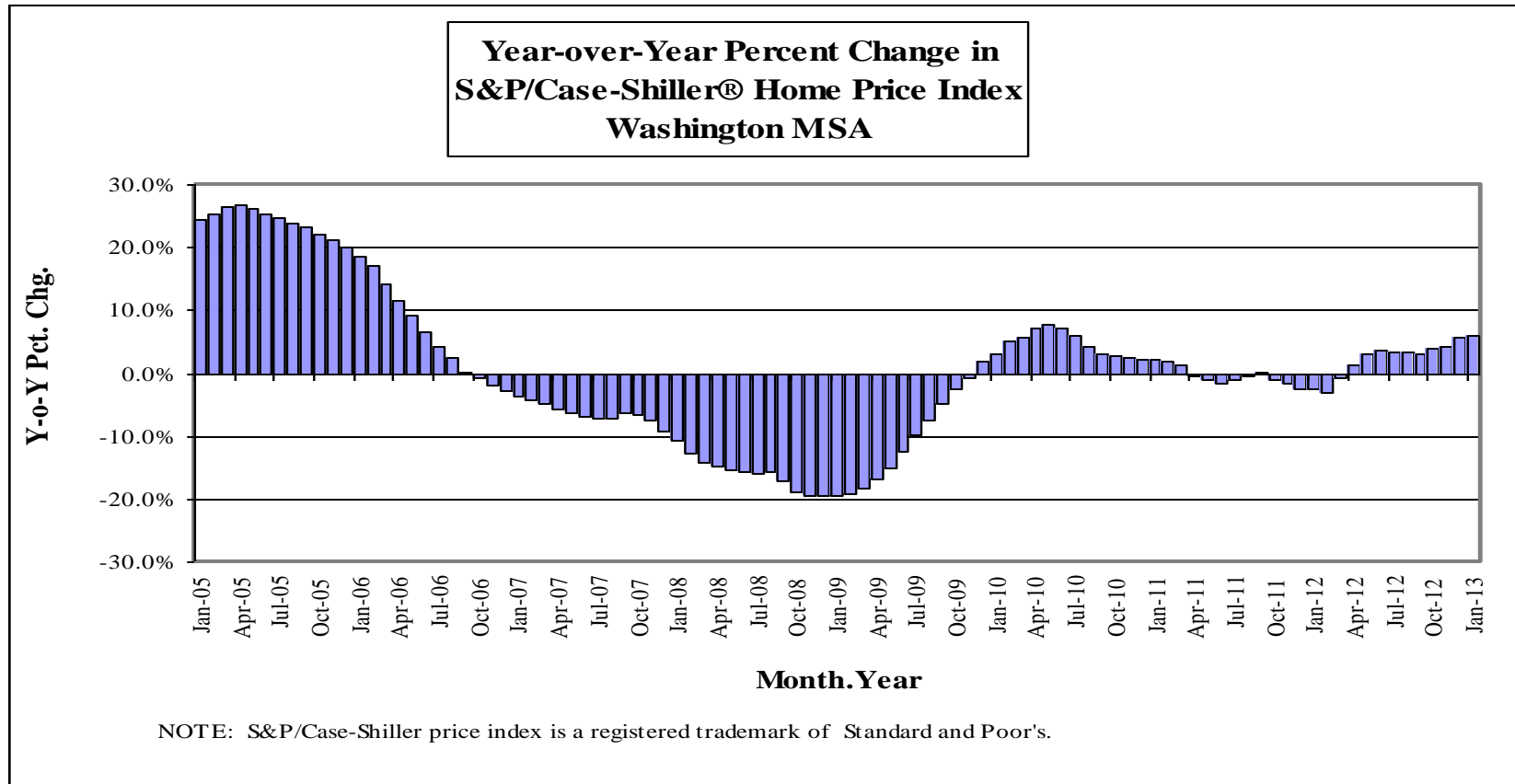


The consumer price index (CPI) decelerated in CY2012.

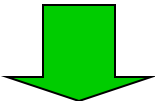
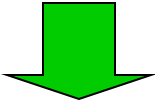


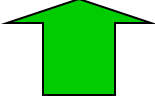
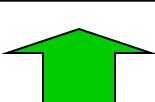
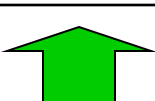
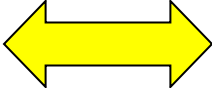
Overall for the Washington-Baltimore consolidated region the CPI increased 2.20 in CY2012. For the calendar year 2011, the index increased 3.34 percent compared to 1.72 percent in CY2010.



As measured by the S&P/Case-Shiller Home Price Index®, monthly home prices for the Washington metropolitan area have increased 5.9 percent during the past year ending in January. However, the index remains at least 25 percent below its peak in May 2006.

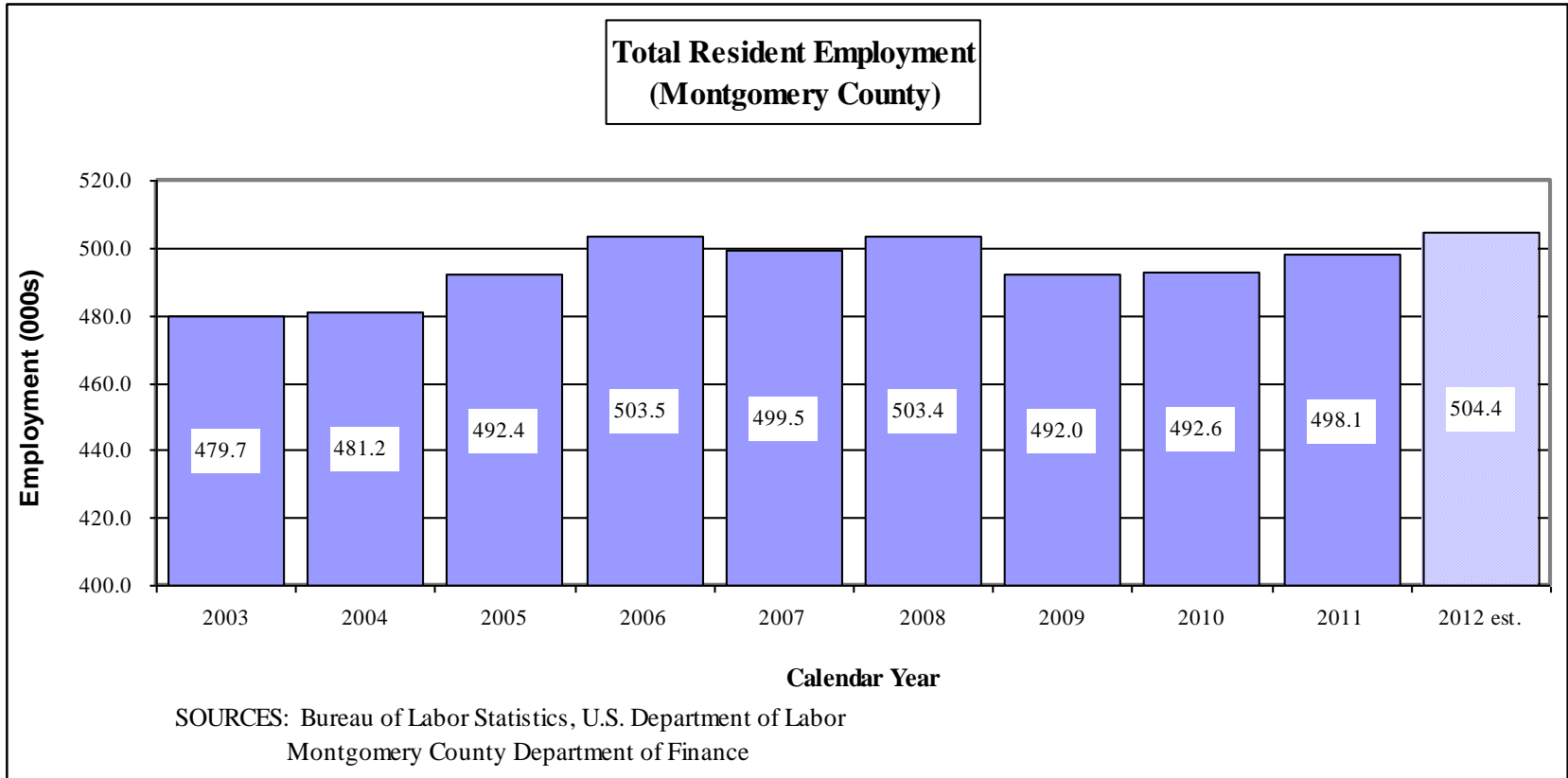


Montgomery County Economic Indicators

| ECONOMIC INDICATOR DASHBOARD | LATEST DATA | REVENUE AFFECTED | EXPLANATION | COMPARISON | DIRECTION |
|-------------------------------------|---------------------------|--------------------------------|---|--|---|
| INFLATION | 2.20% 2012 | Property Taxes | Key determinant of property tax revenues at the Charter Limit | 2011: 3.34% 2010: 1.72% |  |
| UNEMPLOYMENT RATE | 5.0% 2012 est. | Income Taxes | Indicates overall health of the job market | 2011: 5.2% 2010: 5.8% |  |
| RESIDENT EMPLOYMENT | 504,400 2012 est. | Income Taxes | Primary determinant of income tax receipts | 2011: 498,100 2010: 492,600 |  |
| PAYROLL EMPLOYMENT (Estimated) | 473,600 2012 | Income Taxes | Another determinant of income tax receipts | 2011: 468,100 2010: 463,300 |  |
| STOCK MARKET - S&P 500 | 1,426.19 December 31st | Income Taxes | Key determinant of capital gains portion of the income tax | December 31st: 2011: 1,257.60 2010: 1,257.64 |  |
| HOME SALES | 10,094 2012 | Transfer/ Recordation Taxes | Indicates activity affecting receipts | 2011: 9,490 2010: 10,401 |  |
| HOME PRICES (Average Price Sold) | \$465,597 2012 | Transfer/ Recordation Taxes | Taxes are based on values, affects amount of taxes collected | 2011: \$451,479 2010: \$441.482 |  |
| FEDERAL FUNDS RATE | 0.15% Mar. 2013 | Investment Income | County's return on investments closely correlated with the Fed Fund rates | Mar. 2012: 0.13% Mar. 2011: 0.14% |  |

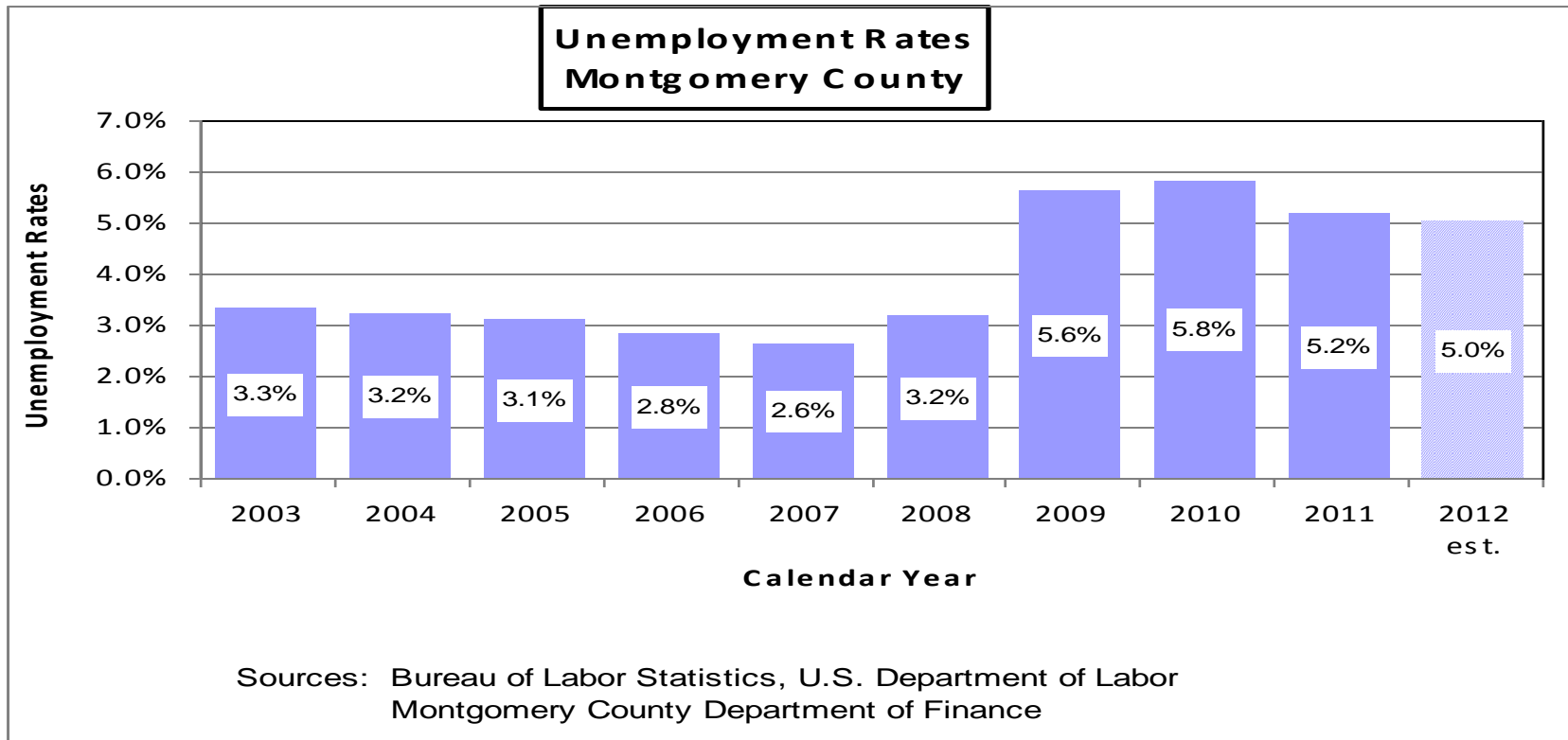
Resident employment stood at 504,400 in CY2012.

Resident employment (labor force series) in Montgomery County was at an all-time high of 504,400 in CY2012 compared to 498,100 in CY2011 - an increase of over 6,000.



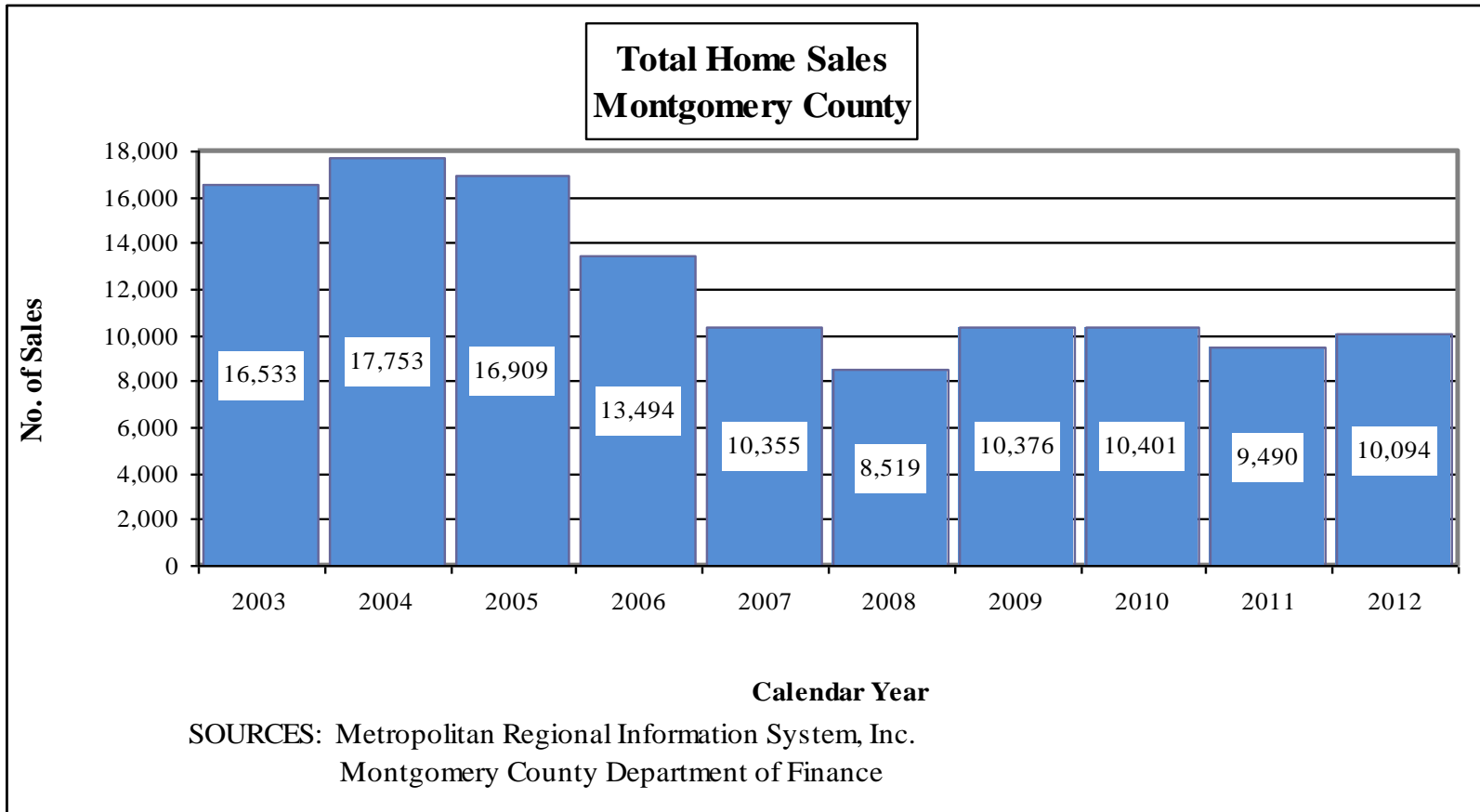
The unemployment rate was down in CY2012.

The unemployment rate declined from 5.2 percent in CY2011 to 5.0 percent in CY2012 – but has remained at or above the 5 percent level the last four years.



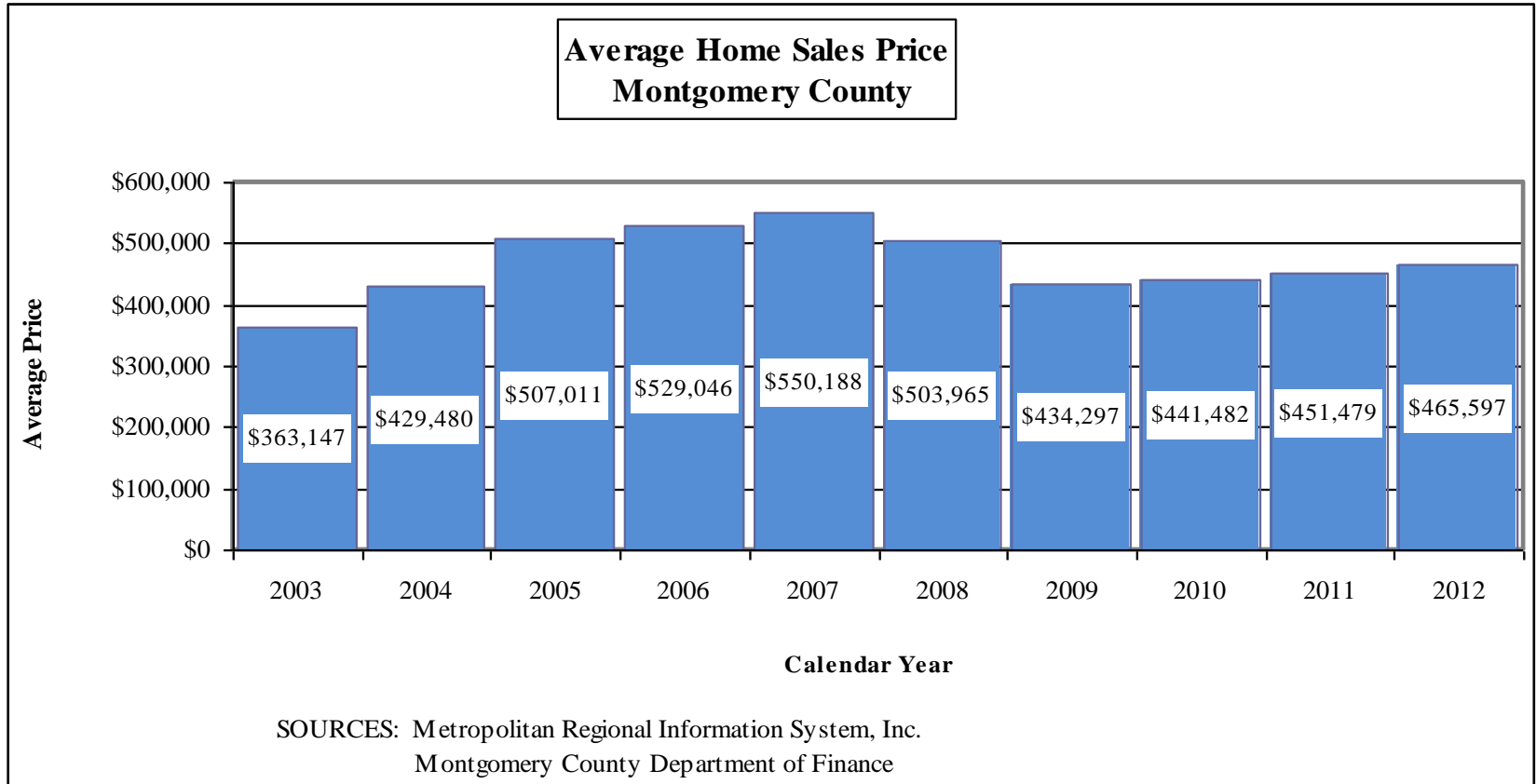
Home sales were up in CY2012.

Total sales of existing homes increased 6.4 percent in CY2012 compared to a decrease of 8.8 percent in CY2011 and a modest 0.2 percent increase in CY2010.



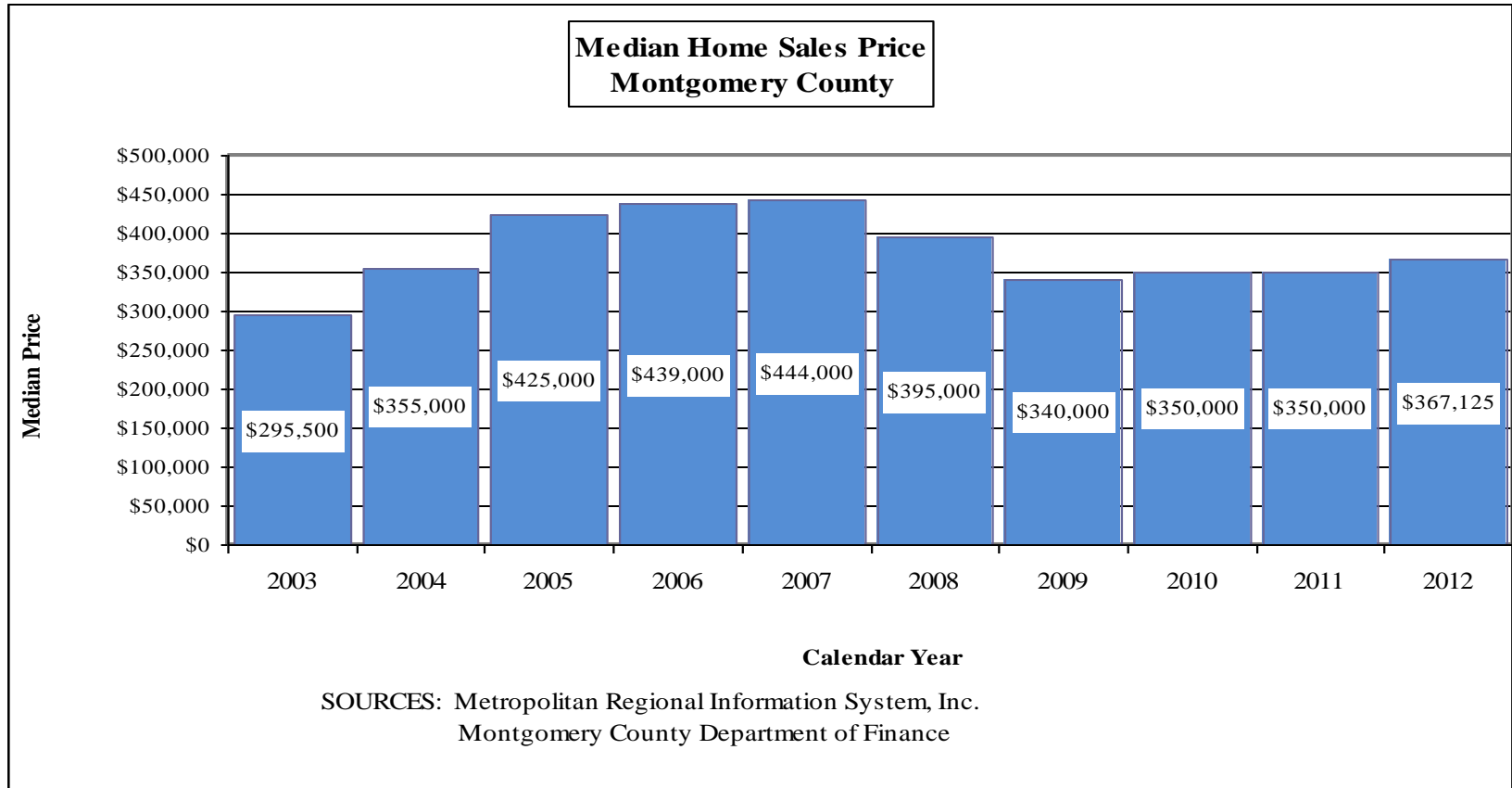
Average home sales prices were up in CY2012.

With the sales of existing homes in the County increasing in CY2012, the average sales price increased 3.1 percent, which followed an increase of 2.3 percent (CY2011) and a modest increase of 1.7 percent (CY2010).



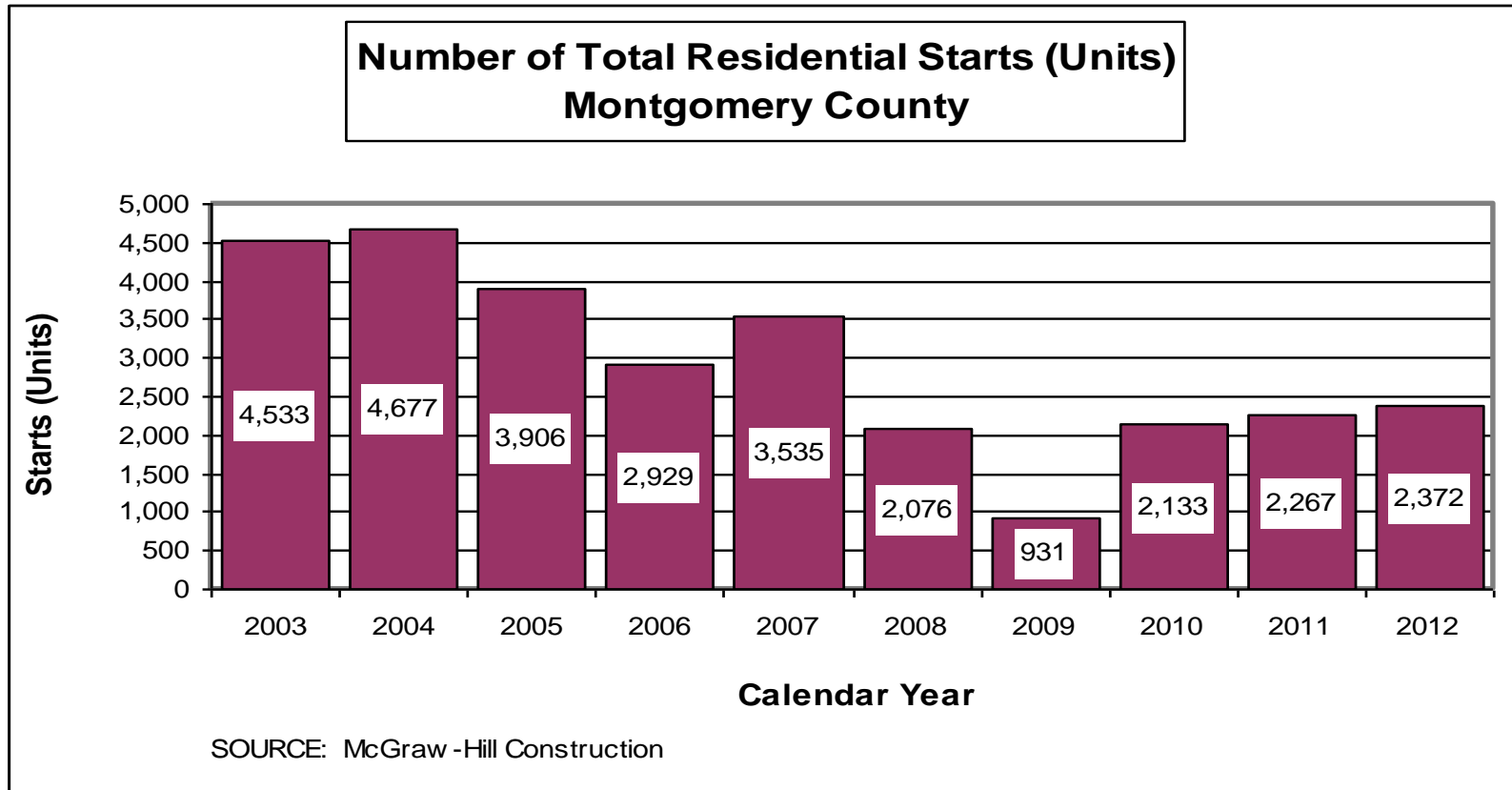
Median home sales prices were up in CY2012.

With the average sales price for an existing home in the County increasing in CY2012, the median sales price increased 4.9 percent in CY2012, which followed no increase in CY2011 and an increase of 2.9 percent CY2010.



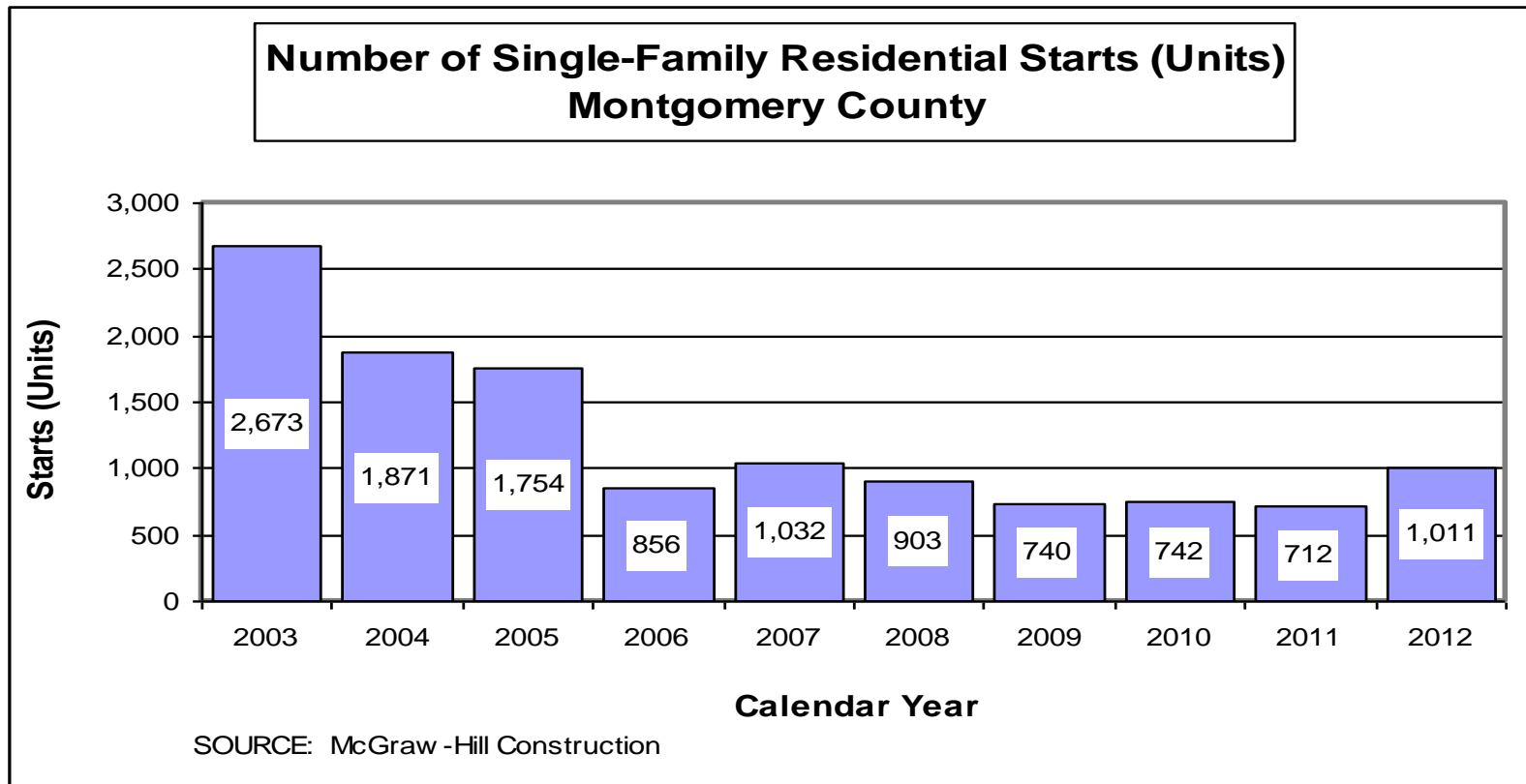
Residential construction (units) up in CY2012.

Total residential construction declined dramatically from CY2003 to CY2009 attributed to the steady decrease in construction of single-family homes and a significant decrease in multi-family units in CY2009. The increase since CY2009 is attributed primarily to starts of multi-family units.



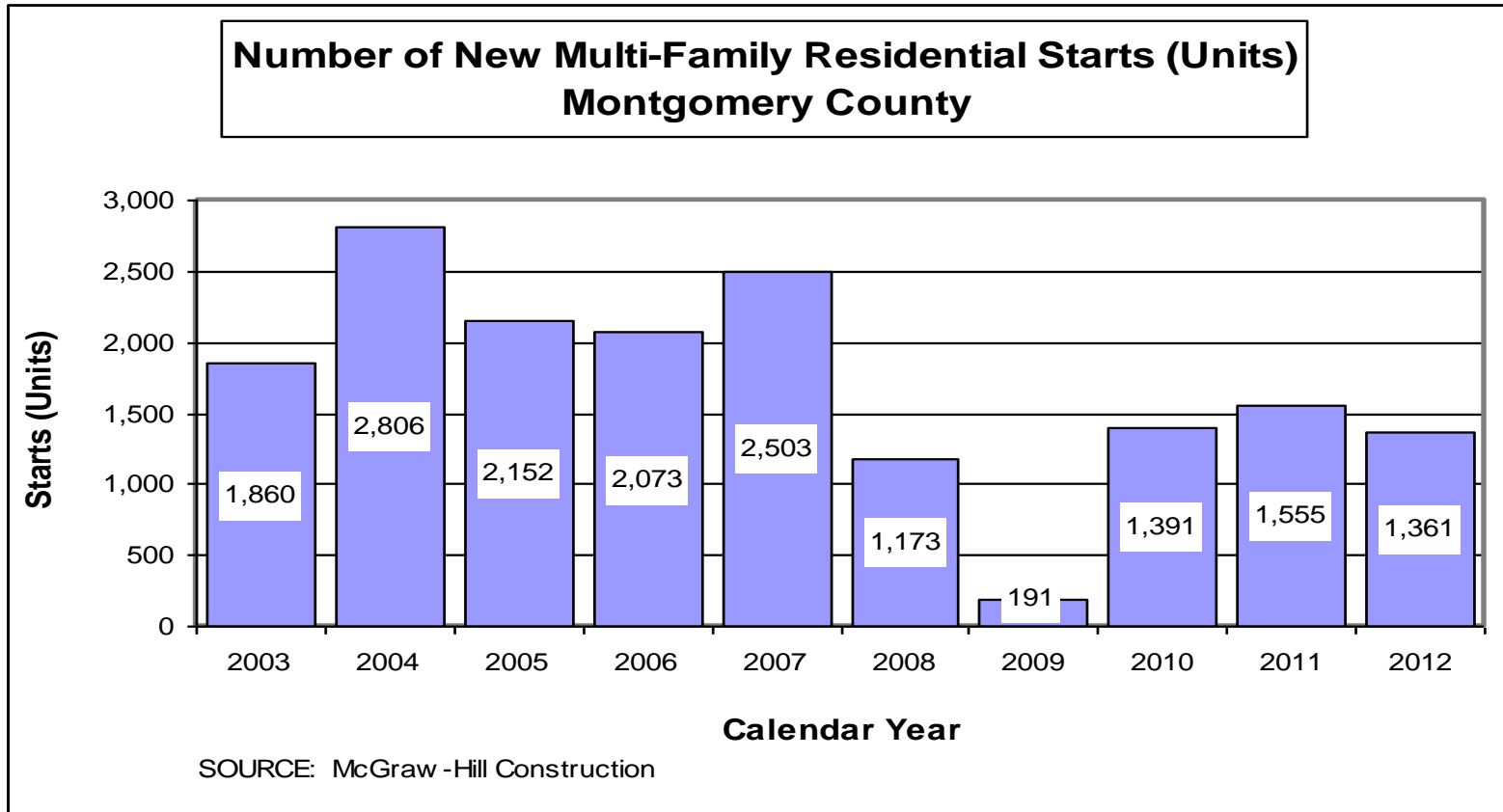
Single-family construction (units) increased in CY2012.

Since CY2003, the construction of new single-family homes declined steadily from nearly 2,700 units to 712 units in CY2011. Since CY2007, annual construction of single-family homes averaged only 860 units per year compared to an average of 2,100 units between CY2003 and CY2005.



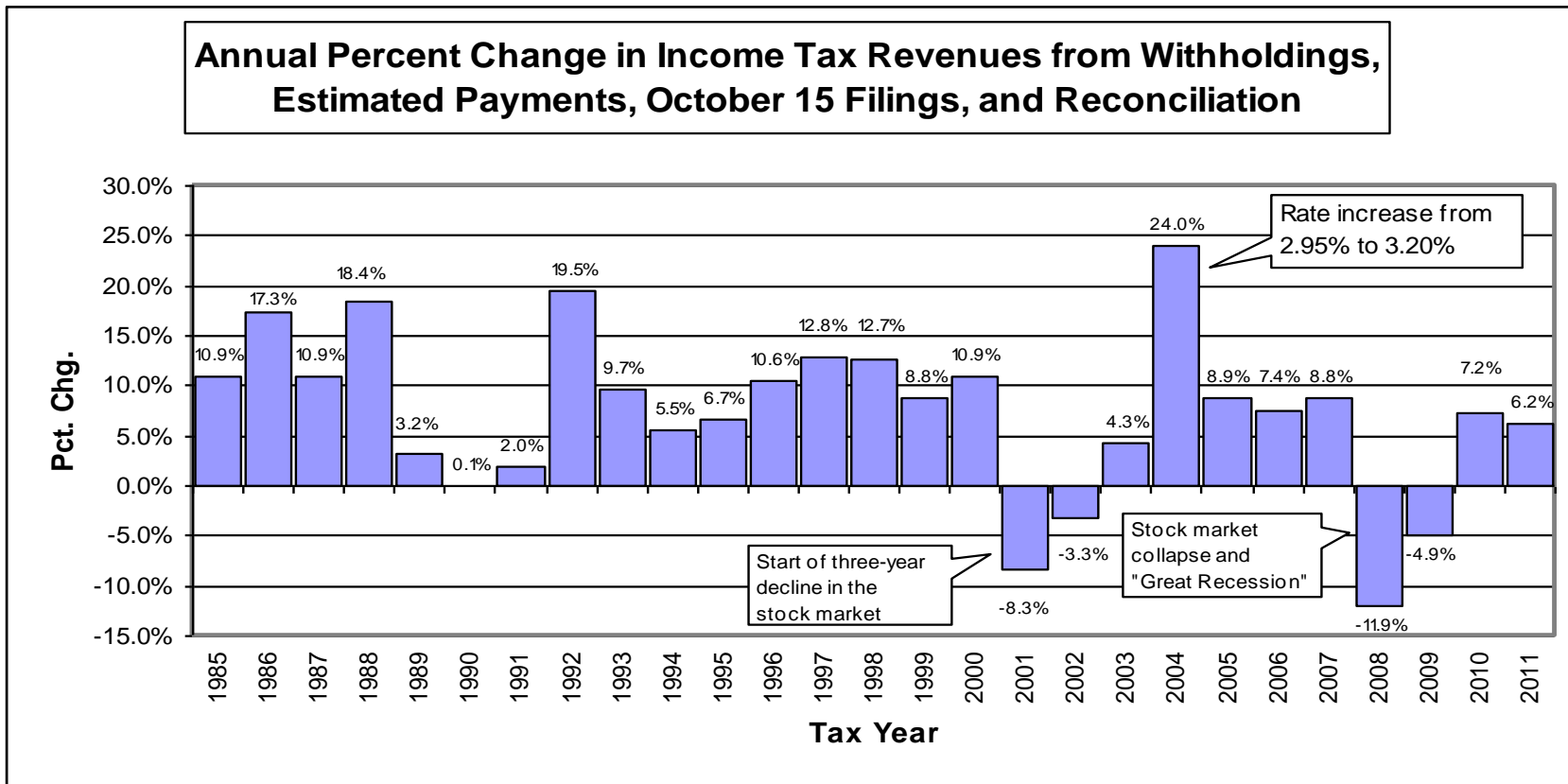
Construction of multi-family units was down in CY2012.

From CY2003 to CY2007, the construction of multi-family units averaged nearly 2,300 units per year. With the housing crash, construction declined significantly in CY 2008 and CY2009. Since that time, construction rebounded but not at the level between CY2003 and CY2007.



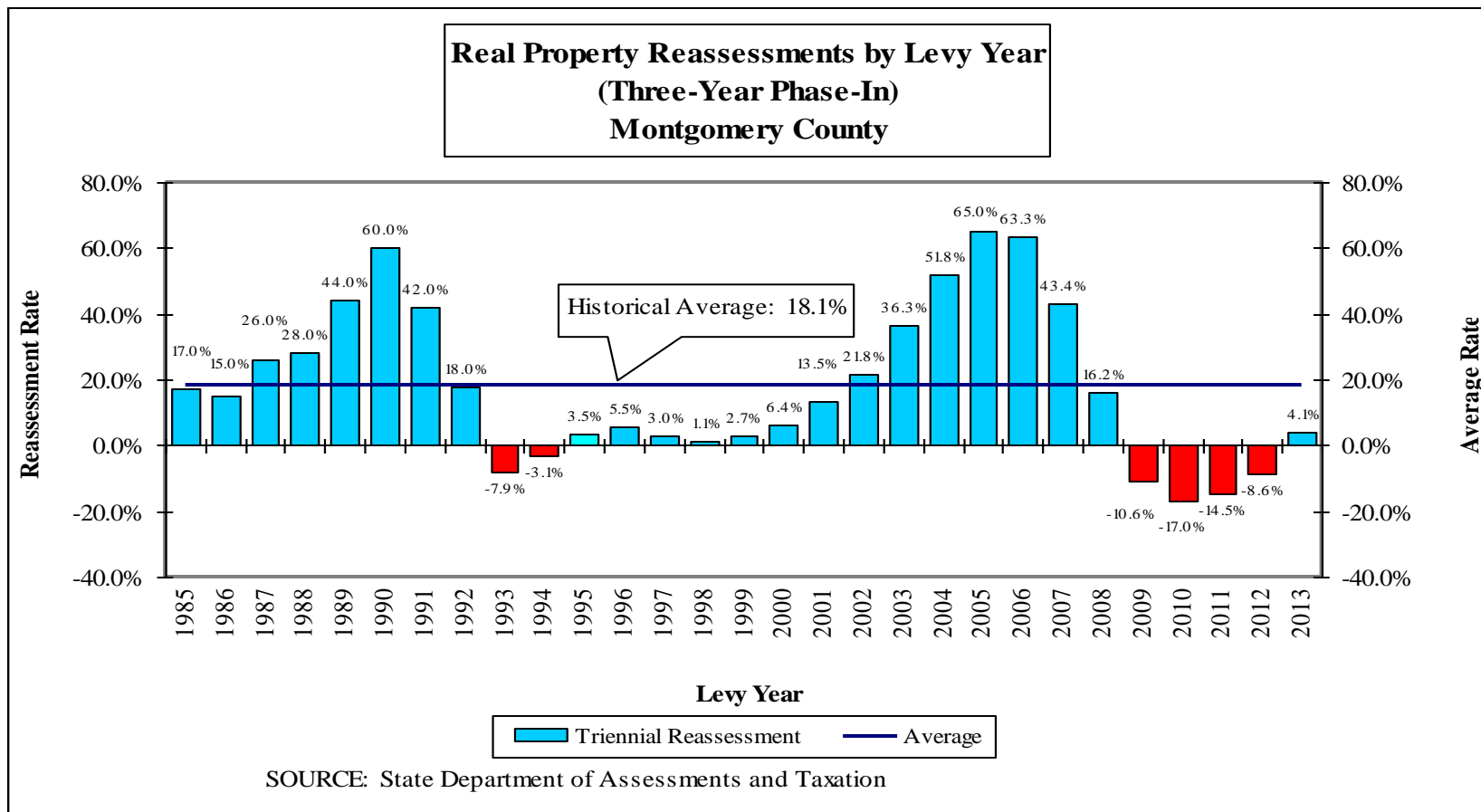
Income Tax Volatility

Year-over-year percent changes in the income tax are volatile and sensitive to economic events especially capital gains in Montgomery County.

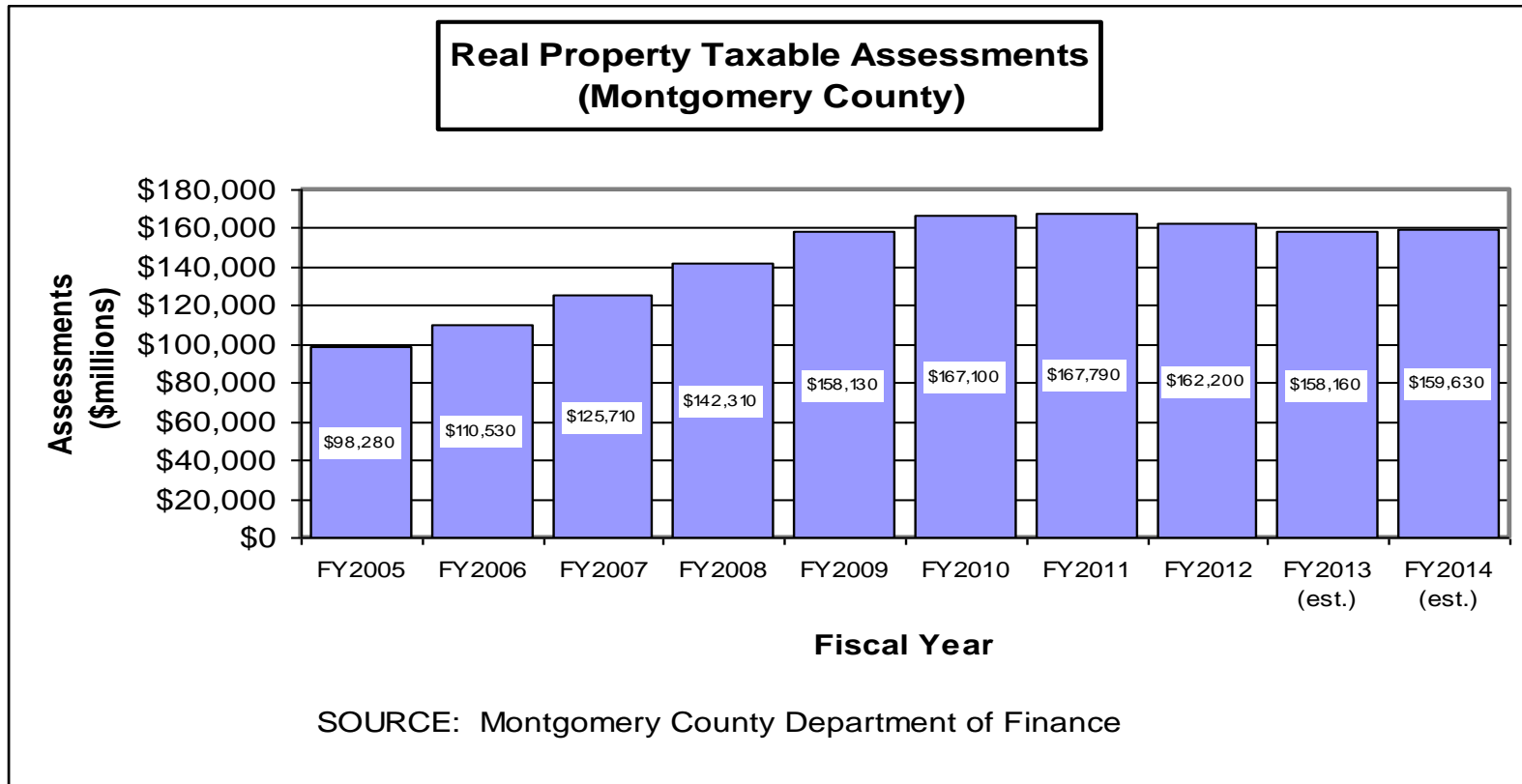


Property reassessments (Group One) increased 4.1 percent for levy year 2013 (FY2014) after four consecutive declines.

Reassessments for residential properties increased 1.7 percent, and for commercial properties, reassessments increased 23.1 percent.



Total taxable assessments are estimated to increase in FY2014. Prior to FY2014, taxable assessments declined a total of \$9.6 billion from FY2011 to FY2013 estimate. That is the largest two-year decline in the past twenty-eight fiscal years. That decline is a result of the decreases in the reassessment rates for residential properties over prior four levy years.



SUMMARY

- The County's unemployment rate in February was 5.0 down from the 5.2 percent in January and also down from the 5.2 percent rate in February 2012. However, the increase in 2012 in both the County's resident and payroll employment provide a positive outlook about the employment situation in the County through the remainder of this fiscal year.
- Sales of existing homes in the County increased 6.4 percent in CY2012 and average prices increased 3.1 percent. While both rates indicate that the housing market is rebounding from the crash during the latter part of the last decade, sales and prices are well below the peak levels experienced during the mid-2000's. The rebound in the housing market will support increases in the transfer and recordation taxes and real property taxable assessments albeit at a moderate rate.
- Inflation for the Washington-Baltimore region was 2.20 percent in 2012 – down from the 3.34 percent increase in CY2011. Prices increased 1.8 percent in January of this year – the smallest year-over-year increase since July of last year (↑1.4%).